

Opening Statement by
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H.E. Dr. Sarath Amunugama, Senior Minister, International Monetary Cooperation, Democratic Socialist Republic of Sri Lanka

H.E. Mr. Abdul Rishad Bathiudeen Minister, Industry and Commerce, Democratic Socialist Republic of Sri Lanka

H.E. Vasant Bharath, Minister of Trade, Industry and Investment, Trinidad & Tobago

Ms. Rita A. O'Sullivan, Country Director, ADB Sri Lanka

Mr. Susantha Ratnayake, Chairman, The Ceylon Chamber of Commerce

Excellencies, distinguished delegates, ladies and gentlemen,

It is with great pleasure that I welcome you all to the fourth Asia-Pacific Trade Facilitation Forum 2012. This Forum is the only annual forum specifically dedicated to trade facilitation and paperless trade issues in the region, and I am very glad to see that the interest and participation in the Forum has grown every year since it was first held at the United Nations Conference Centre in Bangkok in 2009.

Excellencies, ladies and gentleman,

The growing interest in regional trade facilitation, paperless trade and connectivity, and the mainstreaming of these issues into national and regional trade and development policies, is no surprise. There is a growing realization that the developed economies are unlikely to return to a “growth as usual” or “trade as usual” scenario in the near term. There is also a growing realization that the Asia-Pacific region should search for new drivers of economic growth in the earnest. It is our belief that deeper regional connectivity can be a strong driver of growth and poverty reduction. With some of the world’s most dynamic economies, there is enormous potential to promote intra-regional trade and investment in Asia and the Pacific.

But the somewhat shocking reality is that Asia-Pacific is still better connected to Europe and America than with itself. Our latest research shows that, on average, trade costs of the region with NAFTA and the EU are 20% less than those with itself. With cumbersome border

procedures, sometimes requiring literally hundreds of approval documents, for many countries in the region, it is easier and cheaper to trade with far away developed countries than it is to do business with the country next door.

Inadequate transport and logistics infrastructure is a major issue, and one that will require massive amount of investments over the coming decades in many of our developing countries. But what all countries can and should readily focus on is ensuring that whatever hard infrastructure they have is used at maximum efficiency. This can only happen if “soft infrastructure” issues are addressed. I am talking here about the many forms of institutional barriers, regulatory procedures, and bureaucratic red tape. They affect international trade and limit the competitiveness of many of our developing countries. In fact, it is estimated that the hidden cost of red tape amount to as much as 15% of the value of goods being exported—over US\$ 350 billion a year in the developing Asia-Pacific region.

Excellencies, ladies and gentleman,

Our challenge over the next two days is to identify ways to move your countries and the region’s forward in terms of trade facilitation and cutting red tape. In this context, I would like to contribute the following three messages which might help guide our discussion at this year’s Forum.

First and foremost, **implementing trade facilitation reforms for regional connectivity in Asia and the Pacific is not only important but it is also urgent.** On average, in the ESCAP region, it still takes 30 days to move goods from factory to the ship deck at the port—compare that to just 10 days for OECD countries. Many countries in the region have made significant progress in reducing trade transaction costs and time in absolute terms, but what really matters is how much progress a country makes relative to others. And in relative terms, many countries in Asia have not made much progress. While trade facilitation performance varies greatly from country to country, most developing countries of the region still lag behind and have much room for improvement. This is particularly true in South Asia where we have found intraregional trade costs to be almost 50% higher than those among neighbouring ASEAN countries. In that context, it is urgent to shift attention from negotiation on tariffs, which are often already low, to negotiating on simplifying and harmonizing intraregional trade and transit procedures.

My second message is that **meaningful progress in trade facilitation can only be achieved through effective consultations between the public and the private sector.** At this very Forum in Malaysia in 2010, one of the main reasons identified for the slow progress in streamlining trade procedures was the lack of inter-agency cooperation mechanisms at the national level – and the political will needed to make these mechanisms effective. However, another important reason for slow progress is that new regulations touted as trade facilitation measures by Governments are often designed without proper consultation with the private sector. The reality is that it is the importers and exporters who know best where inefficiencies lie, and implementing trade facilitation measures without their involvement is most likely to fail. Since this year’s Forum is on “Enhancing public-private collaboration for trade facilitation”, I very much look forward to discussions among government officials and private sector representatives in attendance on how to make this happen.

The last message I would like to convey to the Forum is that really **facilitating trade means looking beyond your borders to develop systems that can facilitate information**

exchange between all the parties involved in the international supply chains. ESCAP Member States made it very clear that more regional cooperation was needed in this area when they adopted an ESCAP Resolution on “*Enabling paperless trade and the cross-border recognition of electronic data and documents for inclusive and sustainable intraregional trade facilitation*” during the ESCAP Commission Session in May this year. The fact is that many countries in Asia and the Pacific have developed automated customs or port systems, and many are now moving towards implementation of full-fledged national single windows. However, these systems can often handle electronic documents generated within the national territory only, as the electronic data and documents generated by them are often not recognized across borders. The full benefits from developing these e-trade systems are therefore not yet captured, and I hope we can address this issue going forward through enhanced regional cooperation.

Excellencies, ladies and gentleman,

ESCAP stands ready to help address your trade facilitation capacity building needs. In recent years, we have helped countries by (i) building capacity among trade facilitation practitioners; (ii) developing trade facilitation implementation methodologies and tools; (iii) providing advisory services on single window and paperless trade initiatives, and (iv) undertaking analytical and advocacy work. We deliver most of our support through the UNNExT– the United Nations Network of Experts for Paperless Trade in Asia and the Pacific. It is a community of practitioners to share experience and exchange best practices in trade facilitation. I am pleased to note that many of our UNNExT advisors and experts are here this week to share their experience and lessons in implementing trade facilitation reforms in their own countries.

Excellencies, ladies and gentlemen,

Before I conclude, let me say a few words about Sri Lanka, my home country. It is heart-warming to see that the country is not only at peace, but that it is also engaging in major reforms that I am sure will lead to its future prosperity. I understand that the upgrade of the automated customs systems is nearly completed, which I am sure will lead to further trade facilitation. Once this is done, I look forward to Sri Lanka’s leadership in developing a full-fledged national single window system as part of Sri Lanka’s vision to be the Global Logistics Hub for the South Asia region. According to almost all the trade facilitation performance indicators we have reviewed at ESCAP, Sri Lanka has much improved since 2010 and it now ranks as one of the top performers in trade facilitation within South Asia. Sri Lanka has the potential to become a world-class trade hub however, and benchmarking the Island’s performance against those of leading economies outside South Asia, such as Singapore, is really the way forward.

Excellencies, ladies and gentlemen,

As I conclude, let me thank our partners, in particular the Asian Development Bank and the Ceylon Chamber of Commerce for their collaboration in organizing this year’s Forum. While this Forum has always been organized in partnership with ADB, the level of collaboration between ADB and ESCAP in putting together this year’s forum is unprecedented and we look forward to future collaboration. As for collaboration with the Ceylon Chamber, we just could not have made this Forum happen without you: the professionalism and dedication of the CCC team is a testimony to the effectiveness of the Sri Lankan private sector. I would also like to gratefully acknowledge the support of the Government of Sri Lanka, in particular the Ministry of Industry

and Commerce. Finally, I would like to thank the many international organizations present here today for their participation and support - including the UNECE, WCO, the World Bank but also UNCTAD and the Commonwealth Secretariat – as well as the Forum's private sector sponsors.

Thank you for your attention and I wish you fruitful deliberations.
